

## Message Text

LIMITED OFFICIAL USE

PAGE 01 LONDON 09543 201815Z

66

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AGR-05 COME-00 TRSE-00 CIAE-00

INR-07 NSAE-00 STR-04 L-03 /039 W

----- 116578

R 201809Z JUN 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 2193

INFO AMEMBASSY PARIS

LIMITED OFFICIAL USE LONDON 09543

FOR EB/TRP: O'DONNELL

E.O. 11652: N/A

TAGS: ETRD EAGR

SUBJECT: SUGAR: LONDON WHITE SUGAR MARKET

REF: A) PARIS 15946; B) THIGPEN/O'DONNELL TELCON,  
JUNE 19

1. TRANSCRIBED BELOW ARE PORTIONS OF A LETTER, DATED  
JUNE 9, 1975, SENT BY THE FIRM, M. GOLODETZ, TO CLIENTS  
CONCERNING ESTABLISHMENT OF A WHITE SUGAR MARKET IN  
LONDON. THE MARKET IS EXPECTED TO BEGIN OPERATIONS ON  
JULY 15 AND WILL OPERATE ON A BASIS OF DIFFERENTIALS  
FROM PRICES ON LONDON'S ESTABLISHED RAW SUGAR MARKET.

2. AN OFFICIAL OF GOLODETZ TOLD THE EMBASSY THAT THE  
NEW MARKET WAS EXPECTED TO GET OFF TO A SLOW, CAUTIOUS  
START, BUT THAT CONSIDERABLE INTEREST WAS ANTICIPATED AS  
A RESULT OF DISILLUSIONMENT CONCERNING THE PARIS BOURSE.  
IN THIS REGARD, ANOTHER TRADE SOURCE NOTED THAT HIS FIRM  
HAD CUT BACK IN TRADING COFFEE AND COCOA IN PARIS BECAUSE  
OF LACK OF CONFIDENCE IN THAT MARKET AS A RESULT OF THE  
WHITE SUGAR EXPERIENCE.

3. TEXT FOLLOWS. BEGIN QUOTE: WHITE SUGAR MARKET  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LONDON 09543 201815Z

AS YOU WILL BE AWARE, THE PARIS WHITE SUGAR MARKET

SUSPENDED TRADING ON 3RD DECEMBER, 1974 AND HAS BEEN UNABLE TO RESUME ACTIVITY OWING TO THE COMPLEXITY OF THE POSITIONS OUTSTANDING AT THAT TIME.

IN VIEW OF THIS, AND IN ORDER TO ENSURE THAT FACILITIES FOR TRADING IN WHITE SUGAR ARE AVAILABLE, PARTICULARLY FOR THE FORTHCOMING BEET CROP, THE COMMITTEE OF THE U.T.S.M.A., IN CO-OPERATION WITH THE COUNCIL OF THE REFINED SUGAR ASSOCIATION, HAS DEVISED A FORM OF CONTRACT WHICH CAN BE PUT INTO IMMEDIATE EFFECT IN LONDON WITHOUT INCURRING A MAJOR OUTLAY IN MONEY OR MANPOWER.

THE PROPOSALS ARE FOR AN UTSMA CONTRACT NO. 2A - WHITE SUGAR CONVERSIONS. IN ORDER TO ENABLE THE EXISTING MARKET ROOM AND THE PRESENT TRADING STAFFS TO HANDLE BOTH SUGAR CONTRACTS SIDE BY SIDE, AND TO AVOID THE RISK OF AMBIGUITY IF RAW AND WHITE SUGAR PRICES APPROACH EACH OTHER TOO CLOSELY, IT IS PROPOSED THAT THE NEW CONTRACT WILL CONFIN ITSELF BEGIN UNDERLINE TO THE DIFFERENCE END UNDERLINE BETWEEN RAW AND WHITE SUGAR QUOTATIONS, RATHER THAN REPRESENT THE TOTAL PRICE OF WHITE SUGAR.

THE NEW NO. 2A WHITE SUGAR CONVERSION CONTRACT WILL GIVE THE TRADER THE RIGHT TO CONVERT A NO. 2 RAW SUGAR CONTRACT INTO A WHITE SUGAR CONTRACT. THIS RIGHT WILL BE OF GREAT VALUE TO TRADERS WHO WANT TO HEDGE WHITE SUGAR OR WHO WANT TO ESTABLISH THE DIFFERENCE IN VALUE BETWEEN RAW SUGAR AND WHITE SUGAR. IT IS PROPOSED THAT TRADING WILL COMMENCE ON TUESDAY, 15TH JULY, 1975 FOR DELIVERY FROM OCTOBER 1975 ONWARDS. THE METHOD OF TRADING WILL BE AS FOLLOWS:

THE PRICE QUOTED ON THE MARKET FOR NO. 2A CONTRACT WILL REPRESENT THE DIFFERENCE AT WHICH TRADERS ARE PREPARED TO BUY OR SELL WHITE SUGAR F.O.B. CERTAIN EUROPEAN PORTS AS COMPARED TO RAW SUGAR C.I.F. U.K. THIS FACILITY COMBINES IN ONE CONTRACT THE SAME OBJECTS WHICH WERE FORMERLY OBTAINED BY TRADING IN LONDON ON THE NO. 2 CONTRACT TOGETHER WITH A COUNTER-TRADE IN PARIS ON THE WHITE SUGAR MARKET. IN OTHER WORDS, THE FORMER ARBITRAGE BETWEEN TWO MARKETS CAN NOW BE OBTAINED ON ONE MARKET IN ONE CONTRACT WITH, HOWEVER, ONE DIFFERENCE: THE CONTRACT IS IN STERLING AND DOES NOT CONTAIN THE COMPLICATION OF ANOTHER CURRENCY. END QUOTE.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LONDON 09543 201815Z

RICHARDSON

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SUGAR, FINANCIAL MARKETS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 JUN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975LONDON09543  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750216-0483  
**From:** LONDON  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750631/aaaabbvv.tel  
**Line Count:** 109  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 PARIS 15946  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 21 MAY 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <21 MAY 2003 by MartinML>; APPROVED <22 MAY 2003 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SUGAR: LONDON WHITE SUGAR MARKET  
**TAGS:** ETRD, EAGR  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006